



California Fair Political Practices Commission

October 12, 1989

Kenneth N. Schofield
730 Bayonne Street
El Segundo, CA 90245

Re: Your Request for Advice
File No. A-89-540

Dear Mr. Schofield:

You have requested advice concerning the El Segundo Senior Housing Corporation's duties under the conflict of interest provisions of the Political Reform Act.^{1/}

QUESTIONS

1. Is the El Segundo Senior Housing Corporation (the "Corporation") a public agency subject to the conflict of interest provisions of the Political Reform Act?
2. Is the extent of disclosure presently assigned to members of the Corporation accurate?

CONCLUSIONS

1. The Corporation is a local government agency and is subject to the conflict of interest provisions of the Political Reform Act.
2. The disclosure presently assigned to members of the Corporation may be too broad and should be narrowed to only require the disclosure of those financial interests which the board members can affect in their decision-making.

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

FACTS

The El Segundo Senior Housing Corporation, a nonprofit public benefit corporation, was formed in 1984 to administer the operation of the City of El Segundo senior citizen housing project and to encourage affordable housing opportunities for El Segundo senior residents. The members of the Corporation consist of private citizens who, based upon my telephone conversation with Susan Schofield, are appointed by the city council. You are the President of the Board of Directors of the Corporation.

In that October 10 telephone conversation, I was informed that the city donated the land to the Corporation for use for the senior housing project. Most of the funding for the project came from block grant monies but the city loaned the Corporation the remainder of the money necessary for completion of the project. All rents received from the project are paid to the Corporation, which in turn, makes payments to the city.

The City Council of El Segundo has designated the Corporation in its conflict of interest code and requires its members to disclose all financial interests within the City of El Segundo.

ANALYSIS

"Local government agency" is defined in Section 82041 as:

...a county, city or district of any kind including school district, or any other local or regional political subdivision, or any department, division, bureau, office, board, commission or other agency of the foregoing.

In determining whether a particular entity is a private entity or a local government agency, the Commission in its Siegel^{2/} Opinion, stated that certain criteria should be considered. These criteria are:

- (1) Whether the impetus for formation of the corporation originated with a government agency;
- (2) Whether it is substantially funded by, or its primary source of funds is, a government agency;
- (3) Whether one of the principal purposes for which it is formed is to provide services or undertake obligations which public agencies are legally authorized to perform and which, in fact, they traditionally have performed; and

^{2/} In re Siegel (1977) 3 FPFC Ops. 62, copy enclosed.

- (4) Whether the corporation is treated as a public entity by other statutory provisions.

Impetus for Formation

Susan Schofield informed me that a group of citizens initiated the idea for the formation of the Corporation. The articles of incorporation and the by-laws reflect that the principal address and activities and affairs of the Corporation will occur at city hall of the City of El Segundo. While it may be that the idea for the Corporation rested with private citizens, such formation was in coordination with a local government agency. The first criterion set forth in Siegel is met.

Funded by a Government Agency

The funding for the project was derived from federal block grant monies supplemented with a loan from the City of El Segundo. The Corporation makes installment payments on that loan to the city. I was further informed that while the city donated the land for use in the project, the operating agreement provides that in the event of dissolution of the Corporation, the city retains title to the land.

Service Which Public Agencies Traditionally Perform

There are presently programs on the local, state and federal level which provide housing programs for low income families or senior citizens. The Corporation is providing a service which is traditionally performed by governmental agencies. The third criterion of Siegel is met.

Treated as a Public Entity by Other Statutes

The Corporation, as a non-profit public benefit corporation, enjoys certain tax benefits similar to public agencies. Ms. Schofield also indicated that the Franchise Tax Board has advised that the Corporation is a governmental entity. The operating agreement indicates further that the Corporation shall serve as an extension of the city government.

Accordingly, we conclude that the Corporation is a local government agency within the meaning of Section 82041 and should be covered by the conflict of interest code of the City of El Segundo.

In your letter you further asked for our advice on the extent of disclosure imposed on the board.

The conflict of interest code presently assigns "All Categories" for purposes of disclosing financial interests. Categories 1 through 3 of the city's code require the disclosure of all interests in real property, all investments and all sources of income. Categories 4 through 6 provide a more tailored disclosure obligation.

Section 87302 requires that conflict of interest codes enumerate all of the positions within an agency which make or participate in the making of decisions which may materially affect any financial interest. Section 87302 further requires the code to specifically set out those financial interests required to be disclosed by designated positions. The financial interests which must be disclosed are those which the official can affect in his or her decisionmaking.

For instance, it would be reasonably foreseeable that a city librarian who is required to keep the libraries up-to-date would only affect the manufacturer or supplier of library books, shelves, or resources. This designated employee's disclosure would read "Investments and business positions in business entities, and income from sources which supply, manufacture or distribute services, supplies, materials, or equipment of the type utilized by the Department of Library Services." Since this is the area of potential conflict, this is the type of financial interests which should be disclosed.

Similarly, since your board is responsible for the operation of the senior housing project, those financial interests which could be affected by the decisions of the board are the types of financial interests which should be disclosed. A suggested disclosure category would be "Investments and business positions in business entities, and income from sources which provide maintenance or construction services of the type utilized by the City of El Segundo Senior Housing Project." If the senior housing board purchases insurance to cover the project, then the disclosure should be expanded to require the disclosure of investments and business positions and income from insurance companies, brokers or agents. If additional construction or rehabilitation will take place, then disclosure should be expanded to require investments and business positions, and income from building or construction contractors and developers. If it is reasonably foreseeable that the project could expand to other areas of the city, then the board should also disclose their interests in real property.

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October 12, 1989

The disclosure presently required in the code may be overly broad and could be narrowed down. Any change to the conflict of interest code would require approval by the El Segundo City Council as the city's code reviewing body.

I hope this has been of assistance to you. If you have any additional questions, please feel free to contact me at (916) 322-5901.

Sincerely,

Kathryn E. Donovan
General Counsel

A handwritten signature in cursive script, appearing to read "Jeanette E. Turvill".

By: Jeanette E. Turvill
Political Reform Consultant
Legal Division

KED/jt

September 10, 1989

Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, CA 95814

Attn: Legal Division

Ladies and Gentlemen:

I am writing to you for information and advice regarding the disclosure requirements of the new Conflict of Interest laws.

I am currently serving as the President of the Board of Directors of the El Segundo Senior Housing Corporation. We are a non-profit organization formed for to administer the operations of the Park Vista Apartments, our locally funded senior housing project. I am not certain that we are a governmental body, we have always taken the position that we were an independent group, however, the City of El Segundo has included us in their revision of the Conflict of Interest codes.

As members of our Board are not all in agreement regarding our position in this matter, I am requesting that you review our situation and provide us with some information. We are also interested in your interpretation of the extent of disclosure that should be required of us. (A copy of our Articles of Incorporation, By-Laws and El Segundo's resolution to amend the Conflict of Interest codes are enclosed for your information.)

Please send your reply to me at my home: 730 Bayonne St., El Segundo, CA 90245.

Thank you very much for your time and consideration.

Sincerely,



Kenneth N. Schofield

KN/sc



State of California

OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

NOV 14 1984



March Fong Eu

Secretary of State

1323777

ARTICLES OF INCORPORATION

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

OF

NOV 13 1984

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

MARCH FONG EU, Secretary of State

Sharon K. Hawkins

Deputy

I

The name of this corporation is El Segundo Senior Citizen Housing Corporation.

II

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to administer the operation of the City of El Segundo senior citizen housing project and to encourage affordable housing opportunities for El Segundo senior residents.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Joann Lombardo
City of El Segundo
350 Main Street
El Segundo, CA 90245

IV

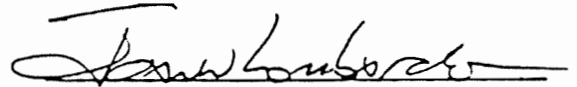
A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

(OVER)

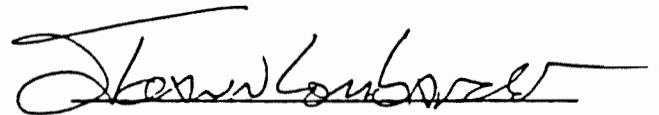
The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Dated: October 29, 1984



Joann Lombarbo

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.



September 10, 1989

Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, CA 95814

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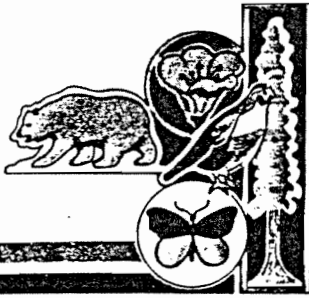
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Sincerely,



Kenneth N. Schofield

KN/sc



State of California

OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
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MARCH FONG EU, Secretary of State

Sharon K. Hawkins

Deputy

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A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to administer the operation of the City of El Segundo senior citizen housing project and to encourage affordable housing opportunities for El Segundo senior residents.

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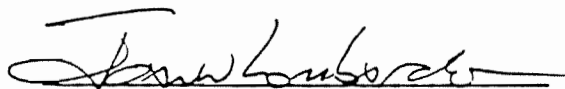
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B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

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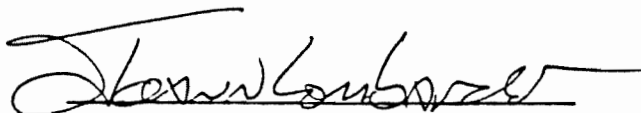
The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Dated: October 29, 1984



Joann Lombardo

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.



BYLAWS OF EL SEGUNDO
SENIOR CITIZEN HOUSING CORPORATION

A California Nonprofit Public Benefit Corporation

Section 1. Principal Office.

The principal office for the transaction of the activities and affairs of the Corporation is located at the City Hall (350 Main Street) of the City of El Segund California, 90245. The Board of Directors ("Board") may change the principal office from one location to another. Any change of location of the principal office shall be noted by the Secretary on these bylaws opposite this Section, or this Section may be amended to state the new location.

Section 2. Purposes and Limitations.

A. The purposes for which this Corporation is formed are:

- (1) To establish policies for the operation of and to operate the City of El Segundo Senior Citizen Housing Project.
- (2) To provide affordable housing opportunities for El Segundo senior residents.
- (3) Promote the common good and general welfare of the senior residents of the City of El Segundo and,
- (4) Any other purposes beneficial to the public.

B. The limitations of the activities of this Corporation are as follows:

- (1) No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, nor shall this Corporation participate or intervene directly or indirectly, in any political campaign (including publishing or distribution of statements) on behalf of or against any candidate for public office.
- (2) This Corporation is organized and operated exclusively for social welfare purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Notwithstanding any other provision of these articles, the Corporation shall not, except to an insubstantial degree, carry on or engage in any other activities or exercise any powers not permitted to be carried on or exercised by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Section 3. **Members.**

This corporation shall have no members.

Section 4. **Directors.**

A. **Powers:**

Subject to the provisions and limitations of the California Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation, the Operating Agreement and these Bylaws, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

B. Specific Powers:

Without prejudice to the general powers set forth above, but subject to the same limitations, the Directors shall have the power to:

- (1) Change the principal office or the principal business office in California from one location to another, and designate any place for holding any meeting of the Board.
- (2) Adopt and use a corporate seal and alter the form of the seal.
- (3) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes in the Corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- (4) Select an Executive Director and/or other staff, either paid or volunteer, and establish criteria relating to remuneration and responsibilities, of the Executive Director and/or other staff.

C. Number and Qualifications of Directors:

- (1) Authorized Number and Qualifications - The authorized number of Directors shall be seven (7).
- (2) All directors shall be residents of the City of El Segundo.
- (3) All Directors shall be designated by the City Council of El Segundo. Each Director shall hold office for four years, except that the initial Directors shall hold office for staggered terms of one, two, three or four years, as desig-

nated by the City Council. Any Director may repeat consecutive terms if recommended by the remaining Directors and approved by City Council.

D. Vacancies on Board:

- (1) Events Causing Vacancy - A vacancy or vacancies on the Board shall exist on the occurrence of the following: (a) the death or resignation of any Director; (b) the declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law; (c) the declaration by resolution of the Board of a vacancy in the office of a Director who has failed to attend and participate in three (3) consecutive regular meetings of the Board or who has failed to attend and participate in five (5) meetings of the Board over the course of one year. This provision shall be reviewed annually by the Board at its annual meeting and revised as necessary.
- (2) Resignations - Except as provided below, any Director may resign by giving written notice to the President or the Secretary. The resignation shall be effective when the notice is given unless it specifies a later time (not to exceed sixty days) for the resignation to become effective. Except on notice to the Attorney General of California, no Director may resign if the Corporation would be left without a duly elected Director or Directors.
- (3) Filling Vacancies - Within thirty (30) days of the occurrence of a vacancy or vacancies pursuant to Sections 4B(1) or (2) above, the Board shall identify the area(s) of expertise needed by a replacement Director or Directors and shall advise City Council, in writing, of the existence

of a vacancy and the criteria to be evaluated in filling the vacancy. Utilizing the criteria identified by the Board, City Council shall appoint a replacement Director or Directors to fill the unexpired term or terms within sixty (60) days after receiving written notice of the existence of such vacancy or vacancies.

- (4) No Vacancy on Reduction of Number of Directors — No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

E. Directors Meetings:

- (1) Place of Meetings - Meetings of the Board shall be held at any place that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of the Corporation.
- (2) Annual Meeting - Immediately after each annual meeting, the Board shall hold a regular meeting for purposes of organization, election of officers, and transaction of other business. The annual meeting is designated as the July meeting.
- (3) Other Regular Meetings - Other regular meetings of the Board may be held at such time and place as the Board may fix. Meeting dates and times are posted three days in advance of each meeting.
- (4) Special Meetings - Authority to Call - Special meetings of the Board for any purpose may be called at any time by the President, or Vice President, or the Secretary or any two Directors.

- (5) Notice - Notice of the time and place of special meetings shall be given to each Director by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail, postage prepaid; (c) by telephone, either directly to the Director or to a person at the Director's office or residence who would reasonably be expected to communicate that notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or shown on the records of the Corporation. Notices sent by first-class mail shall be deposited in the United States mail at least six days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting. The notice shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation. It need not specify the purpose of the meeting.
- (6) Quorum - A majority of the authorized number of Directors (or such reduced number, if a vacancy or vacancies exist) shall constitute a quorum for the transaction of business.
- (7) Waiver of Notice - Notice of a meeting need not be given to any Director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any Director

who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

- (8) Adjournment - A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.
- (9) Notice of Adjourned Meeting - Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

F. Action Without a Meeting:

Any action that the Board is required or permitted to take may be taken without a meeting if all members of the Board consent in writing to the action; provided, however, that the consent of any Director who has a material financial interest in a transaction to which the Corporation is a party and who is an "interested director" as defined in Section 5233 of the California Corporation Code shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly proved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board.

Section 5. **Officers:**

A. Officers of the Corporation.

The officers of the Corporation shall consist of the President, Vice

President, the Secretary, and the Chief Financial Officer. No two offices may be concurrently held by the same person. Should both the President and Vice President be absent from a meeting, the most senior Director who is neither Secretary nor Chief Financial Officer shall be acting President.

B. Election of Officers.

- (1) The Board of Directors shall elect all officers of the Corporation for terms of one year, or until their successors are elected and qualified. Officers shall be elected at this annual meeting.

C. Responsibility of Officers:

- (1) President - The President shall be the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers. The President shall preside at all Board meetings. The President shall be responsible for representing the Corporation before other governmental agencies. The President shall have such other powers and duties as the Board or the bylaws may prescribe.
- (2) Vice President - If the President is absent or disabled, the Vice President shall perform all duties of the President. When so acting, the Vice President shall have all powers of and be subject to all restrictions of the President. The Vice President shall have such other powers and perform such other duties as the Board or the bylaws may prescribe.
- (3) Secretary - The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and of commit-

tees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice given, the names of those present at Board and committee meetings. The Secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by these bylaws to be given. The Secretary shall keep the Corporate seal in safe custody and shall have such other powers and perform such other duties as the Board or the bylaws may prescribe.

(4) Chief Financial Officer -

- a. Book of Accounts - The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Chief Financial Officer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times.
- b. Deposit and Disbursement of Money and Valuables. The Chief Financial Officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate; shall disburse the Corporation's fund as the Board may order; shall render to the President

and the Board, when requested, an account of all transactions as the Chief Financial Officer and of the financial condition of the Corporation; and shall have such other powers and perform such other duties as the Board or the bylaws may prescribe.

- c. **Bond.** If required by the Board, the Chief Financial Officer shall, at the expense of the Corporation, give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Chief Financial Officer on his or her death, resignation, retirement, or removal from office.

Section 6. **Indemnification.**

A. Right of Indemnity:

To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding", as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses", as used in this bylaw, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

B. Approval of Indemnity:

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporation Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board shall promptly call a meeting of City Council. At that meeting, the Council shall determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Council members present at the meeting in person or by proxy shall authorize indemnification.

C. Advancement of Expenses:

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Section 6 of these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding. On receipt by the Corporation of an undertaking by or on behalf of that person, the advance will be repaid, unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 7. **Insurance:**

The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any Officer, Director, employee, or agent in such capacity or arising out of the Officer's, Director's, employee's, or agent's status as such.

Section 8. **Amendments:**

These bylaws may be amended or repealed and new bylaws adopted by the vote of a majority of the members of the Board of Directors. No bylaw shall be amended or repealed, and new bylaws shall not be adopted, without the prior approval of the City Council.



California Fair Political Practices Commission

August 28, 1989

Kenneth N. Schofield
KNS Realty
302 W. Grand Avenue, #4
El Segundo, CA 90245

Re: Letter No. 89-540

Dear Mr. Schofield:

Your letter requesting advice under the Political Reform Act was received on September 13, 1989 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact Jeanette Turvill, in the Legal Division, directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, we will contact you shortly to advise you as to the information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Code of Regs. Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

A handwritten signature in cursive script that reads "Kathryn E. Donovan".

Kathryn E. Donovan
General Counsel

KED:plh



California Fair Political Practices Commission

October 12, 1989

Kenneth N. Schofield
730 Bayonne Street
El Segundo, CA 90245

Re: Your Request for Advice
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QUESTIONS

1. Is the El Segundo Senior Housing Corporation (the "Corporation") a public agency subject to the conflict of interest provisions of the Political Reform Act?
2. Is the extent of disclosure presently assigned to members of the Corporation accurate?

CONCLUSIONS

1. The Corporation is a local government agency and is subject to the conflict of interest provisions of the Political Reform Act.
2. The disclosure presently assigned to members of the Corporation may be too broad and should be narrowed to only require the disclosure of those financial interests which the board members can affect in their decision-making.

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

FACTS

The El Segundo Senior Housing Corporation, a nonprofit public benefit corporation, was formed in 1984 to administer the operation of the City of El Segundo senior citizen housing project and to encourage affordable housing opportunities for El Segundo senior residents. The members of the Corporation consist of private citizens who, based upon my telephone conversation with Susan Schofield, are appointed by the city council. You are the President of the Board of Directors of the Corporation.

In that October 10 telephone conversation, I was informed that the city donated the land to the Corporation for use for the senior housing project. Most of the funding for the project came from block grant monies but the city loaned the Corporation the remainder of the money necessary for completion of the project. All rents received from the project are paid to the Corporation, which in turn, makes payments to the city.

The City Council of El Segundo has designated the Corporation in its conflict of interest code and requires its members to disclose all financial interests within the City of El Segundo.

ANALYSIS

"Local government agency" is defined in Section 82041 as:

...a county, city or district of any kind including school district, or any other local or regional political subdivision, or any department, division, bureau, office, board, commission or other agency of the foregoing.

In determining whether a particular entity is a private entity or a local government agency, the Commission in its Siegel^{2/} Opinion, stated that certain criteria should be considered. These criteria are:

- (1) Whether the impetus for formation of the corporation originated with a government agency;
- (2) Whether it is substantially funded by, or its primary source of funds is, a government agency;
- (3) Whether one of the principal purposes for which it is formed is to provide services or undertake obligations which public agencies are legally authorized to perform and which, in fact, they traditionally have performed; and

^{2/} In re Siegel (1977) 3 FPPC Ops. 62, copy enclosed.

- (4) Whether the corporation is treated as a public entity by other statutory provisions.

Impetus for Formation

Susan Schofield informed me that a group of citizens initiated the idea for the formation of the Corporation. The articles of incorporation and the by-laws reflect that the principal address and activities and affairs of the Corporation will occur at city hall of the City of El Segundo. While it may be that the idea for the Corporation rested with private citizens, such formation was in coordination with a local government agency. The first criterion set forth in Siegel is met.

Funded by a Government Agency

The funding for the project was derived from federal block grant monies supplemented with a loan from the City of El Segundo. The Corporation makes installment payments on that loan to the city. I was further informed that while the city donated the land for use in the project, the operating agreement provides that in the event of dissolution of the Corporation, the city retains title to the land.

Service Which Public Agencies Traditionally Perform

There are presently programs on the local, state and federal level which provide housing programs for low income families or senior citizens. The Corporation is providing a service which is traditionally performed by governmental agencies. The third criterion of Siegel is met.

Treated as a Public Entity by Other Statutes

The Corporation, as a non-profit public benefit corporation, enjoys certain tax benefits similar to public agencies. Ms. Schofield also indicated that the Franchise Tax Board has advised that the Corporation is a governmental entity. The operating agreement indicates further that the Corporation shall serve as an extension of the city government.

Accordingly, we conclude that the Corporation is a local government agency within the meaning of Section 82041 and should be covered by the conflict of interest code of the City of El Segundo.

In your letter you further asked for our advice on the extent of disclosure imposed on the board.

The conflict of interest code presently assigns "All Categories" for purposes of disclosing financial interests. Categories 1 through 3 of the city's code require the disclosure of all interests in real property, all investments and all sources of income. Categories 4 through 6 provide a more tailored disclosure obligation.

Section 87302 requires that conflict of interest codes enumerate all of the positions within an agency which make or participate in the making of decisions which may materially affect any financial interest. Section 87302 further requires the code to specifically set out those financial interests required to be disclosed by designated positions. The financial interests which must be disclosed are those which the official can affect in his or her decisionmaking.

For instance, it would be reasonably foreseeable that a city librarian who is required to keep the libraries up-to-date would only affect the manufacturer or supplier of library books, shelves, or resources. This designated employee's disclosure would read "Investments and business positions in business entities, and income from sources which supply, manufacture or distribute services, supplies, materials, or equipment of the type utilized by the Department of Library Services." Since this is the area of potential conflict, this is the type of financial interests which should be disclosed.

Similarly, since your board is responsible for the operation of the senior housing project, those financial interests which could be affected by the decisions of the board are the types of financial interests which should be disclosed. A suggested disclosure category would be "Investments and business positions in business entities, and income from sources which provide maintenance or construction services of the type utilized by the City of El Segundo Senior Housing Project." If the senior housing board purchases insurance to cover the project, then the disclosure should be expanded to require the disclosure of investments and business positions and income from insurance companies, brokers or agents. If additional construction or rehabilitation will take place, then disclosure should be expanded to require investments and business positions, and income from building or construction contractors and developers. If it is reasonably foreseeable that the project could expand to other areas of the city, then the board should also disclose their interests in real property.

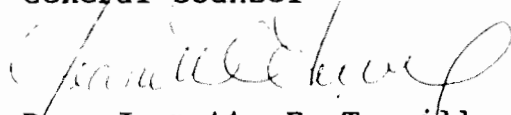
Page Five
October 12, 1989

The disclosure presently required in the code may be overly broad and could be narrowed down. Any change to the conflict of interest code would require approval by the El Segundo City Council as the city's code reviewing body.

I hope this has been of assistance to you. If you have any additional questions, please feel free to contact me at (916) 322-5901.

Sincerely,

Kathryn E. Donovan
General Counsel

A handwritten signature in cursive script, appearing to read "Jeanette E. Turvill", written over the typed name.

By: Jeanette E. Turvill
Political Reform Consultant
Legal Division

KED/jt

FAIR POLITICAL PRACTICES COMMISSION
428 "J" STREET, SUITE 800
SACRAMENTO, CA., 95814
(916) 322-5901

FAX NO: (916) 327-2026

FACSIMILE COVER PAGE

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Kenneth Schofield

LOCATION: _____

FROM: Janette Lervill

WE ARE TRANSMITTING A TOTAL OF 6 PAGES, INCLUDING THIS COVER PAGE.

DATE: 10/12/89

TIME: ~~14:01~~ 16:07

COMMENTS: Sorry for the inconvenience
I sent to the wrong no.

\$200,000

① How formed - group of citizens, city
purchased land: a loan to build facility;
making loan payments to city

② How funded

private citizens gave

initially

2d appt. replacement, survey to
council confidential

Council exercised authority over
council now appts.

March
amendment to COC

IF > funding?
Became Ad??

Block Grant \$

city made a loan/donated land

the city will eventually own
the land

income from facility to Corporation -
payments to local

← Council
city
just
Becoming

September 10, 1989

Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, CA 95814

Attn: Legal Division

Ladies and Gentlemen:

I am writing to you for information and advice regarding the disclosure requirements of the new Conflict of Interest laws.

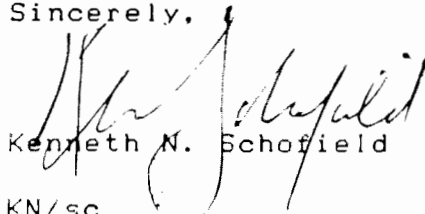
I am currently serving as the President of the Board of Directors of the El Segundo Senior Housing Corporation. We are a non-profit organization formed for to administer the operations of the Park Vista Apartments, our locally funded senior housing project. I am not certain that we are a governmental body, we have always taken the position that we were an independent group, however, the City of El Segundo has included us in their revision of the Conflict of Interest codes.

As members of our Board are not all in agreement regarding our position in this matter, I am requesting that you review our situation and provide us with some information. We are also interested in your interpretation of the extent of disclosure that should be required of us. (A copy of our Articles of Incorporation, By-Laws and El Segundo's resolution to amend the Conflict of Interest codes are enclosed for your information.)

Please send your reply to me at my home: 730 Bayonne St., El Segundo, CA 90245.

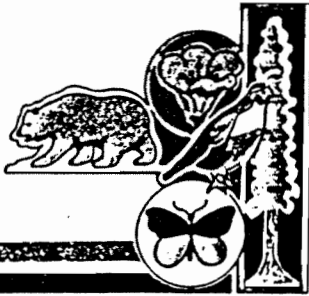
Thank you very much for your time and consideration.

Sincerely,



Kenneth N. Schofield

KN/sc



State of California

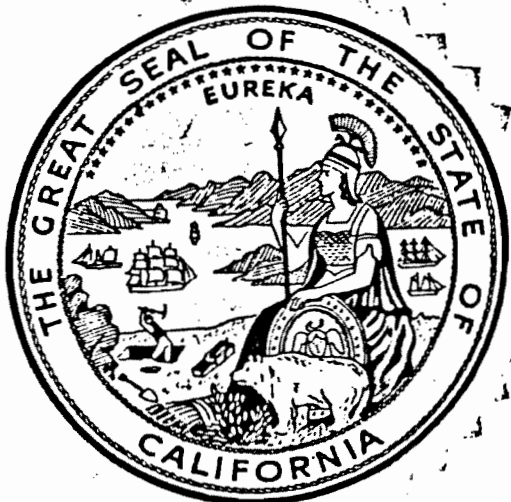
OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

NOV 14 1984



March Fong Eu

Secretary of State

1323777

ARTICLES OF INCORPORATION

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

OF

NOV 13 1984

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

MARCH FONG EU, Secretary of State

Sharon K. Hawkins

Deputy

I

The name of this corporation is El Segundo Senior Citizen Housing Corporation.

II

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to administer the operation of the City of El Segundo senior citizen housing project and to encourage affordable housing opportunities for El Segundo senior residents.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Joann Lombardo
City of El Segundo
350 Main Street
El Segundo, CA 90245

IV

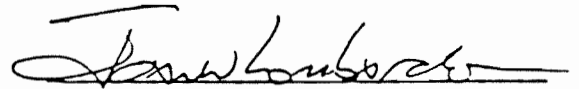
A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

(OVER)

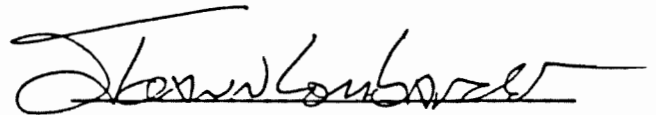
The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Dated: October 29, 1984



Joann Lombardo

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.



BYLAWS OF EL SEGUNDO
SENIOR CITIZEN HOUSING CORPORATION

A California Nonprofit Public Benefit Corporation

Section 1. Principal Office.

The principal office for the transaction of the activities and affairs of the Corporation is located at the City Hall (350 Main Street) of the City of El Segundo California, 90245. The Board of Directors ("Board") may change the principal office from one location to another. Any change of location of the principal office shall be noted by the Secretary on these bylaws opposite this Section, or this Section may be amended to state the new location.

Section 2. Purposes and Limitations.

A. The purposes for which this Corporation is formed are:

- (1) To establish policies for the operation of and to operate the City of El Segundo Senior Citizen Housing Project.
- (2) To provide affordable housing opportunities for El Segundo senior residents.
- (3) Promote the common good and general welfare of the senior residents of the City of El Segundo and,
- (4) Any other purposes beneficial to the public.

B. The limitations of the activities of this Corporation are as follows:

- (1) No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, nor shall this Corporation participate or intervene directly or indirectly, in any political campaign (including publishing or distribution of statements) on behalf of or against any candidate for public office.
- (2) This Corporation is organized and operated exclusively for social welfare purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Notwithstanding any other provision of these articles, the Corporation shall not, except to an insubstantial degree, carry on or engage in any other activities or exercise any powers not permitted to be carried on or exercised by a corporation exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

Section 3. Members.

This corporation shall have no members.

Section 4. Directors.

A. Powers:

Subject to the provisions and limitations of the California Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation, the Operating Agreement and these Bylaws, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

B. Specific Powers:

Without prejudice to the general powers set forth above, but subject to the same limitations, the Directors shall have the power to:

- (1) Change the principal office or the principal business office in California from one location to another, and designate any place for holding any meeting of the Board.
- (2) Adopt and use a corporate seal and alter the form of the seal.
- (3) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes in the Corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- (4) Select an Executive Director and/or other staff, either paid or volunteer, and establish criteria relating to remuneration and responsibilities, of the Executive Director and/or other staff.

C. Number and Qualifications of Directors:

- (1) Authorized Number and Qualifications - The authorized number of Directors shall be seven (7).
- (2) All directors shall be residents of the City of El Segundo.
- (3) All Directors shall be designated by the City Council of El Segundo. Each Director shall hold office for four years, except that the initial Directors shall hold office for staggered terms of one, two, three or four years, as desig-

nated by the City Council. Any Director may repeat consecutive terms if recommended by the remaining Directors and approved by City Council.

D. Vacancies on Board:

- (1) Events Causing Vacancy - A vacancy or vacancies on the Board shall exist on the occurrence of the following: (a) the death or resignation of any Director; (b) the declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law; (c) the declaration by resolution of the Board of a vacancy in the office of a Director who has failed to attend and participate in three (3) consecutive regular meetings of the Board or who has failed to attend and participate in five (5) meetings of the Board over the course of one year. This provision shall be reviewed annually by the Board at its annual meeting and revised as necessary.
- (2) Resignations - Except as provided below, any Director may resign by giving written notice to the President or the Secretary. The resignation shall be effective when the notice is given unless it specifies a later time (not to exceed sixty days) for the resignation to become effective. Except on notice to the Attorney General of California, no Director may resign if the Corporation would be left without a duly elected Director or Directors.
- (3) Filling Vacancies - Within thirty (30) days of the occurrence of a vacancy or vacancies pursuant to Sections 4B(1) or (2) above, the Board shall identify the area(s) of expertise needed by a replacement Director or Directors and shall advise City Council, in writing, of the existence

of a vacancy and the criteria to be evaluated in filling the vacancy. Utilizing the criteria identified by the Board, City Council shall appoint a replacement Director or Directors to fill the unexpired term or terms within sixty (60) days after receiving written notice of the existence of such vacancy or vacancies.

- (4) No Vacancy on Reduction of Number of Directors — No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

E. Directors Meetings:

- (1) Place of Meetings - Meetings of the Board shall be held at any place that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of the Corporation.
- (2) Annual Meeting - Immediately after each annual meeting, the Board shall hold a regular meeting for purposes of organization, election of officers, and transaction of other business. The annual meeting is designated as the July meeting.
- (3) Other Regular Meetings - Other regular meetings of the Board may be held at such time and place as the Board may fix. Meeting dates and times are posted three days in advance of each meeting.
- (4) Special Meetings - Authority to Call - Special meetings of the Board for any purpose may be called at any time by the President, or Vice President, or the Secretary or any two Directors.

- (5) Notice - Notice of the time and place of special meetings shall be given to each Director by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail, postage prepaid; (c) by telephone, either directly to the Director or to a person at the Director's office or residence who would reasonably be expected to communicate that notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or shown on the records of the Corporation. Notices sent by first-class mail shall be deposited in the United States mail at least six days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting. The notice shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation. It need not specify the purpose of the meeting.
- (6) Quorum - A majority of the authorized number of Directors (or such reduced number, if a vacancy or vacancies exist) shall constitute a quorum for the transaction of business.
- (7) Waiver of Notice - Notice of a meeting need not be given to any Director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any Director

who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

- (8) Adjournment - A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.
- (9) Notice of Adjourned Meeting - Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

F. Action Without a Meeting:

Any action that the Board is required or permitted to take may be taken without a meeting if all members of the Board consent in writing to the action; provided, however, that the consent of any Director who has a material financial interest in a transaction to which the Corporation is a party and who is an "interested director" as defined in Section 5233 of the California Corporation Code shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly proved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board.

Section 5. **Officers:**

A. Officers of the Corporation.

The officers of the Corporation shall consist of the President, Vice

President, the Secretary, and the Chief Financial Officer. No two offices may be concurrently held by the same person. Should both the President and Vice President be absent from a meeting, the most senior Director who is neither Secretary nor Chief Financial Officer shall be acting President.

B. Election of Officers.

- (1) The Board of Directors shall elect all officers of the Corporation for terms of one year, or until their successors are elected and qualified. Officers shall be elected at this annual meeting.

C. Responsibility of Officers:

- (1) President - The President shall be the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers. The President shall preside at all Board meetings. The President shall be responsible for representing the Corporation before other governmental agencies. The President shall have such other powers and duties as the Board or the bylaws may prescribe.
- (2) Vice President - If the President is absent or disabled, the Vice President shall perform all duties of the President. When so acting, the Vice President shall have all powers of and be subject to all restrictions of the President. The Vice President shall have such other powers and perform such other duties as the Board or the bylaws may prescribe.
- (3) Secretary - The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and of commit-

tees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice given, the names of those present at Board and committee meetings. The Secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by these bylaws to be given. The Secretary shall keep the Corporate seal in safe custody and shall have such other powers and perform such other duties as the Board or the bylaws may prescribe.

(4) Chief Financial Officer -

- a. Book of Accounts - The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Chief Financial Officer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times.
- b. Deposit and Disbursement of Money and Valuables. The Chief Financial Officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate; shall disburse the Corporation's fund as the Board may order; shall render to the President

and the Board, when requested, an account of all transactions as the Chief Financial Officer and of the financial condition of the Corporation; and shall have such other powers and perform such other duties as the Board or the bylaws may prescribe.

- c. Bond. If required by the Board, the Chief Financial Officer shall, at the expense of the Corporation, give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Chief Financial Officer on his or her death, resignation, retirement, or removal from office.

Section 6. Indemnification.

A. Right of Indemnity:

To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding", as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses", as used in this bylaw, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

B. Approval of Indemnity:

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporation Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board shall promptly call a meeting of City Council. At that meeting, the Council shall determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Council members present at the meeting in person or by proxy shall authorize indemnification.

C. Advancement of Expenses:

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Section 6 of these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding. On receipt by the Corporation of an undertaking by or on behalf of that person, the advance will be repaid, unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 7. **Insurance:**

The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any Officer, Director, employee, or agent in such capacity or arising out of the Officer's, Director's, employee's, or agent's status as such.

Section 8. **Amendments:**

These bylaws may be amended or repealed and new bylaws adopted by the vote of a majority of the members of the Board of Directors. No bylaw shall be amended or repealed, and new bylaws shall not be adopted, without the prior approval of the City Council.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF EL SEGUNDO REVOKING PREVIOUS CONFLICT OF
INTERESTS CODES AND ADOPTING A NEW CONFLICT OF
INTEREST CODE.

WHEREAS, the City of El Segundo has previously adopted conflict of interest codes for various elected officials, officers and employees of the city; and

WHEREAS, since the time these conflict of interest codes were adopted by the city, state law has been amended to require that local conflict of interest codes conform to certain specific requirements; and

WHEREAS, the city's existing conflict of interest code does not comply with the requirements of state law.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL SEGUNDO CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Resolutions 2708, 2744, 2745, 2746, 2747, 2748, 2749, 2750, 2751, 2752, 2753, 2754, 2755, and 2759 which establish conflict of interest codes for various city elected officials, officers and employees are hereby revoked.

Section 2. The City of El Segundo does hereby adopt the following conflict of interest code:

CONFLICT OF INTEREST CODE FOR THE CITY OF EL SEGUNDO

A. Incorporation of Standard Code

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Adm. Code Section 18730, which contains the terms of a standard conflict of interest code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Adm. Code Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, along with the official and employees designated and disclosure categories set forth herein, are hereby incorporated by reference and constitute the Conflict of Interest Code of the City of El Segundo.

B. Filing of Statements

Pursuant to Section 5(A) of the standard code, designated employees shall file statements of economic interests with the city. Upon receipt of the statements of members of the City Council, City Attorney, City Manager and Members of the Planning Commission, the city shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission.

Pursuant to Government Code Section 82011(c), the city council is the code reviewing body with respect to the conflict

of interest code of any city officer or employee other than those city officers or employees named in the paragraph above Pursuant to Government Code Section 87200, 87500(f) the Fair Political Practices Commission is the code reviewing body with respect to the conflict of interest code of the city council.

C. Designated Employees and Positions

The following positions entail the making or participation in the making of decisions which may foreseeably have a material effect on their financial interests.

DESIGNATED POSITIONS	DESIGNATED CATEGORIES
Members of the City Council	ALL CATEGORIES
Members of the Planning Commission	ALL CATEGORIES
Members of the Recreation & Parks Commission	ALL CATEGORIES
Members of the Senior Housing Board	ALL CATEGORIES
Office of the City Manager:	
City Manager	ALL CATEGORIES
Assistant to the City Manager	ALL CATEGORIES
Office of the City Attorney:	
City Attorney	ALL CATEGORIES
Office of the City Clerk:	
City Clerk	ALL CATEGORIES
Deputy City Clerk	ALL CATEGORIES
Office of the City Treasurer:	
City Treasurer	ALL CATEGORIES
Deputy City Treasurer	ALL CATEGORIES
Development Services Department:	
Director of Development Services	ALL CATEGORIES
Director of Building Safety	ALL CATEGORIES
Director of Planning	ALL CATEGORIES
Director of Public Works	ALL CATEGORIES
Assistant City Manager	ALL CATEGORIES
Chief Plan Check Engineer	ALL CATEGORIES
Senior Planner	ALL CATEGORIES
Plan Checker	ALL CATEGORIES
Associate Planner	ALL CATEGORIES
Public Works Inspector	ALL CATEGORIES
Construction Inspector	ALL CATEGORIES
Revenue Inspector	ALL CATEGORIES
Housing and Environmental Inspector	ALL CATEGORIES
Street Maintenance Superintendent	ALL CATEGORIES
Equipment Maintenance Superintendent	ALL CATEGORIES
Water/Waste Water Superintendent	ALL CATEGORIES
Deputy Inspector	ALL CATEGORIES
Administrative Services Department:	
Director of Administrative Services	ALL CATEGORIES
Director of Finance	ALL CATEGORIES
Director of Personnel/Assistant City Manager	ALL CATEGORIES
Purchasing Officer	ALL CATEGORIES
Accounting Manager	ALL CATEGORIES
Financial Services Manager	ALL CATEGORIES
Accountant	ALL CATEGORIES

Police Department:	
Police Chief	ALL CATEGORIES
Police Captain	ALL CATEGORIES
Fire Department:	
Fire Chief	ALL CATEGORIES
Battalion Chief	ALL CATEGORIES
Fire Marshal	ALL CATEGORIES
Fire Protection Specialist	ALL CATEGORIES
Hazardous Materials Specialist	ALL CATEGORIES
Library Department:	
Director of Library Services	ALL CATEGORIES
Librarian	ALL CATEGORIES
Recreation and Parks Department:	
Director of Recreation and Parks	ALL CATEGORIES
Recreation Superintendent	ALL CATEGORIES
Park Maintenance Superintendent	ALL CATEGORIES
Community Cable Program Supervisor	ALL CATEGORIES

Consultants

D. Disclosure Categories

Category 1.

Persons in this category shall disclose all interests in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the local government agency.

Category 2.

Persons in this category shall disclose all investments. Investment means:

Any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest, if the business entity or any parent, subsidiary or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business in the jurisdiction or has done business within jurisdiction at any time during the two years prior to the time any statement or other action is required under this code. No asset shall be deemed an investment unless its fair market value exceeds one thousand dollars (\$1,000). The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency. Investments of an individual includes a pro rata share of investments of any business entity or trust in which the individual or spouse owns, directly, indirectly, or beneficially, a ten percent interest or greater.

Category 3.

Persons in this category shall disclose all income received from any source located or doing business within the jurisdiction or expecting to do business within the jurisdiction. Income received from a public agency need not be disclosed. Income of persons in this category also includes a pro rata share of any income of any business entity located or doing business within the

jurisdiction in which the person or spouse owns, directly, indirectly or beneficially, a 10% interest or greater.

Category 4.

Persons in this category shall disclose all income from and investments in any business that manufactures or sells supplies of the type utilized by the Department in which the person is employed.

Category 5.

Persons in this category shall disclose all investments in and income from all banks, savings and loan associations, insurance companies, investment companies, stockbrokers, title companies, financial consultants, data processing firms or consultants.

Category 6.

Persons in this category shall disclose all income from and investments in business entities in the construction of building industry within the jurisdiction.

SECTION 3. The City Clerk is directed to forward a certified copy of this Resolution to the Fair Political Practices Commission.

SECTION 4. The City Clerk shall certify to the passage and adoption of this Resolution; shall enter the same in the book of original resolutions of said city; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the city council of said city, in the minutes of the meeting at which the same is passed and adopted.

PASSED, APPROVED and ADOPTED THIS 7th day of March, 1989.

Mayor of the City of El Segundo

ATTEST: _____
City Clerk (Seal)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF EL SEGUNDO REVOKING PREVIOUS CONFLICT OF
INTERESTS CODES AND ADOPTING A NEW CONFLICT OF
INTEREST CODE.

WHEREAS, the City of El Segundo has previously adopted conflict of interest codes for various elected officials, officers and employees of the city; and

WHEREAS, since the time these conflict of interest codes were adopted by the city, state law has been amended to require that local conflict of interest codes conform to certain specific requirements; and

WHEREAS, the city's existing conflict of interest code does not comply with the requirements of state law.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL SEGUNDO CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Resolutions 2708, 2744, 2745, 2746, 2747, 2748, 2749, 2750, 2751, 2752, 2753, 2754, 2755, and 2759 which establish conflict of interest codes for various city elected officials, officers and employees are hereby revoked.

Section 2. The City of El Segundo does hereby adopt the following conflict of interest code:

CONFLICT OF INTEREST CODE FOR THE CITY OF EL SEGUNDO

A. Incorporation of Standard Code

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Adm. Code Section 18730, which contains the terms of a standard conflict of interest code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Adm. Code Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, along with the official and employees designated and disclosure categories set forth herein, are hereby incorporated by reference and constitute the Conflict of Interest Code of the City of El Segundo.

B. Filing of Statements

Pursuant to Section 5(A) of the standard code, designated employees shall file statements of economic interests with the city. Upon receipt of the statements of members of the City Council, City Attorney, City Manager and Members of the Planning Commission, the city shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission.

Pursuant to Government Code Section 82011(c), the city council is the code reviewing body with respect to the conflict

of interest code of any city officer or employee other than those city officers or employees named in the paragraph above Pursuant to Government Code Section 87200, 87500(f) the Fair Political Practices Commission is the code reviewing body with respect to the conflict of interest code of the city council.

C. Designated Employees and Positions

The following positions entail the making or participation in the making of decisions which may foreseeably have a material effect on their financial interests.

DESIGNATED POSITIONS	DESIGNATED CATEGORIES
Members of the City Council	ALL CATEGORIES
Members of the Planning Commission	ALL CATEGORIES
Members of the Recreation & Parks Commission	ALL CATEGORIES
Members of the Senior Housing Board	ALL CATEGORIES
Office of the City Manager:	
City Manager	ALL CATEGORIES
Assistant to the City Manager	ALL CATEGORIES
Office of the City Attorney:	
City Attorney	ALL CATEGORIES
Office of the City Clerk:	
City Clerk	ALL CATEGORIES
Deputy City Clerk	ALL CATEGORIES
Office of the City Treasurer:	
City Treasurer	ALL CATEGORIES
Deputy City Treasurer	ALL CATEGORIES
Development Services Department:	
Director of Development Services	ALL CATEGORIES
Director of Building Safety	ALL CATEGORIES
Director of Planning	ALL CATEGORIES
Director of Public Works	ALL CATEGORIES
Assistant City Manager	ALL CATEGORIES
Chief Plan Check Engineer	ALL CATEGORIES
Senior Planner	ALL CATEGORIES
Plan Checker	ALL CATEGORIES
Associate Planner	ALL CATEGORIES
Public Works Inspector	ALL CATEGORIES
Construction Inspector	ALL CATEGORIES
Revenue Inspector	ALL CATEGORIES
Housing and Environmental Inspector	ALL CATEGORIES
Street Maintenance Superintendent	ALL CATEGORIES
Equipment Maintenance Superintendent	ALL CATEGORIES
Water/Waste Water Superintendent	ALL CATEGORIES
Deputy Inspector	ALL CATEGORIES
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Fire Marshal	ALL CATEGORIES
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PASSED, APPROVED and ADOPTED THIS 7th day of March, 1989.

Mayor of the City of El Segundo

ATTEST: _____
City Clerk (Seal)